

The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe



VOLUME III, NUMBER 15

WASHINGTON, D. C.

DECEMBER 13, 1933

New Deal Economic Philosophy Studied

Present Administration Is One of Great "Left" Movements in American History

AIMS TO BETTER LOT OF MASSES

Would Use Government as Means of Building More Just and Stable Order

What is President Roosevelt trying to do? Where is the Roosevelt administration going, anyway? Is the president planning great and permanent changes in American economic and political life? Is there any real justification for the use of the term "The Roosevelt Revolution"? Are the administration policies dividing the country into two camps, the conservative and the liberal or radical and is the president assuming the leadership of the radical? These are questions which one is likely to hear whenever conversation turns to the president and his policies.

Before we undertake to answer these questions it may be well to point out that the president really has two goals in mind. He is trying to do two things. In the first place, he is trying to bring the depression to an end and meanwhile to give relief to the sufferers. That is one of his objectives, but it is not the only one. He is trying in addition to bring about what he regards as important reforms in the American economic life. He is trying to make material changes in the rules under which business is to be carried on in this country. He is trying to reorganize industry. He thinks that under the leadership of the government production and consumption of goods can be organized better so that future depressions will be less likely. He thinks that conditions can be brought about under which the poorer people will have a better chance. He thinks the government can assure better living conditions for all. He is trying, in short, to bring about what he calls a New Deal. And it is the nature of that New Deal which we shall consider this week.

Historical Background

We can understand the Roosevelt program better if we view it against the background of American history. If we see what has been happening and how political and economic thinkers have been differing on matters of public policy, we can determine more exactly what position the Roosevelt administration occupies. When we go back into history we find a never-ending conflict between two opposing theories of government and industry. On the one side, we have those who represent the masses of the people, the common run of men and women, who are relatively poor. There are always those who are trying to give these masses of people more power, thus creating a more democratic society. There are always those who feel that something could be done to better the condition of these common people, to give them more work and more wealth. These advocates of the people generally favor a limitation upon the powers or privileges of the few who are more powerful and wealthier.

Opposed to these representatives of the masses, there are always leaders who

(Concluded on page 7, column 1)



HOW OFTEN WE "GIVE UNTIL IT HURTS" THE WRONG PARTY

—Darling in N. Y. HERALD-TRIBUNE

Imagination in the Everyday Life

To think I once saw grocery shops with but a casual eye
And fingered figs and apricots as one who came to buy!

To think I never dreamed of how bananas swayed in rain,
And often looked at oranges, yet never thought of Spain!

And in those wasted days I saw no sails above the tea—
For grocery shops were grocery shops, not hemispheres to me!*

How many there are who go through life viewing things "with but a casual eye!" They see only the objects that are actually before them. These objects do not call up trains of thought; do not bring pictures into view. To such people, and perhaps most of us fall into that class much of the time, experience is dull and monotonous. Life is not colorful. The hours go by in a matter-of-fact fashion, unrelieved by flights of fancy. Others, more fortunate, possess the rare gift of poetic imagination. They see objects in their various relations. The sight of an orange may indeed call up a vision of a grove in Spain. Or the account of an Arab uprising may suggest a picture of nomad tribesmen stealing silently across the desert sands. There are those whose hours are interesting and even exciting because they can distill romance and adventure from the routine experiences of the day.

But an imagination fit to dispel the tedium of life is not a free gift of nature. It is a composite of qualities which most of us may acquire. The first step is to broaden the experience; to gain information and knowledge in many fields. To see "sails above the tea," one must venture a bit into the realm of commercial history. To see in a bank of earth a record of the ages rather than broken particles of stone, one must know something of geology. The more people one meets, the more places one sees, the more one reads, the more he studies history, economics, civics, science, the more he will see in the objects, the people, the events, which come into view; the more meaning, the more color, the more interest there will be in life.

A mass of facts, however, though necessary, is not enough. There are persons who travel constantly without having their imaginations stirred. There are those who read without end and who are still dreary bores, uninteresting to themselves or their associates. To develop the imagination one needs to turn for help and inspiration to the imaginative writers. The poetic gift enables one to see meanings which are hidden from "the casual eye." One who reads poetry a great deal and who browses much in the different fields of literature may acquire, to a degree, that insight which uncovers mysteries and invests with meaning the otherwise poor and colorless experiences with which one's hours are filled.

*This bit of verse called "Counters" is from "Compass Rose," a collection of poems by Elizabeth Coatsworth. (New York: Coward-McCann, 1929.)

Trends in European Diplomacy Changing

Nations Incline to Direct, Private Negotiations for Solution of Major Problems

STATUS OF LEAGUE IN DOUBT

Italian Threat to Resign May Bring Reorganization for Geneva

Quiet but important developments have been taking place in Europe since November 12, when the German people went to the polls and registered overwhelming approval of Chancellor Hitler's action in withdrawing from the disarmament conference and the League of Nations. It had been feared that Hitler, having made the farcical gesture of asking for support of his policies in Germany, would proceed to launch a vigorous campaign to achieve revision of the Versailles Treaty, and thereby plunge Europe into a state of dangerous confusion. But the Nazi leader chose to take a more moderate course. He did not discard his diplomatic gloves and has been feeling his way cautiously. Europe, consequently, finds itself able to breathe more easily.

Changes Visible

This does not mean to say, however, that the political situation on the continent has not been materially changed since November 12. Hitler's retreat from Geneva has caused a decided change in the picture. New trends are visible, growing out of intensive discussion among statesmen during the last several weeks. Veiled suggestions have been made which, if carried out, will have a far-reaching effect on the future of Europe.

The chief suggester, according to reports, is Benito Mussolini who is rapidly becoming the most influential figure in European affairs. The Italian dictator is dissatisfied with the League of Nations and it is said that he wants to make of it a less important factor in international relations. Some time ago Mussolini began his attack on the League by referring to it as an absurdity. And it was afterward announced that on December 5, the Fascist Grand Council would consider Italy's relations with the League and that possibly she would resign.

It is believed, however, that Mussolini is not anxious to abandon the League completely. It is more likely that he is taking advantage of Geneva's weakened position, now that both Japan and Germany have left it, to force acceptance of certain ideas of his own, by threatening Italy's resignation. If this is true, he is using a powerful weapon, for if Italy should join Japan and Germany, only two great powers—Great Britain and France—would be left in the League. Obviously Geneva's usefulness would be ended.

What are these ideas which Mussolini apparently has in mind? No full statement has been made publicly and information must be obtained from hints and implications. He seems to feel, however, that important political questions cannot be suitably handled by the League of Nations and that they should be left to the decision of the major powers. It is pointed out that the League does not have the power to force a nation to accept its

orders. It is not a government over governments. Instead, it is an organization through which the member nations bargain with each other with a view to reaching agreements by unanimous consent. Plainly, progress according to this method must be slow and difficult. One nation can frequently defeat the wishes of a number of others because it is not obliged to bow to majority decisions.

Charges Against League

The charge is made that this system of diplomacy has succeeded only in embittering relations among nations. Open disputes flare up in Geneva when they might be more easily settled by private negotiation. And nations resent having their affairs submitted to the scrutiny of Geneva. As evidence of this, it is stated that when the League attempted to force Japan to yield Manchuria, Japan replied by resigning from that body. Similarly, a short time ago, when Germany became tired of the long and fruitless debate over armaments she withdrew from the disarmament conference and from the League of Nations.

Mussolini, it is said, takes the attitude that the nations are getting nowhere by trying to settle their problems on a large, open stage in Geneva. He wants to go back to the old-time diplomacy of pre-war days, when statesmen quietly and often secretly negotiated directly with each other. He believes that it is right that the large nations should do most of the deciding since they have the heaviest responsibilities.

Il Duce, therefore, would like, in Europe, to substitute the Four Power Pact for the League of Nations. This agreement, signed some months ago by Great Britain, France, Italy and Germany, calls for the maintenance of peace in Europe through the consultation and cooperation of the four principal powers. Mussolini believes that the armaments deadlock could be broken if the four nations would discuss the question under the Four Power Pact. He thinks, moreover, that such troublesome questions as would arise from Germany's desire to revise the Versailles Treaty, could be better handled in this way than at Geneva.

Reorganization Proposed

What, it may be asked, will happen to the League of Nations if the procedure outlined by Mussolini is followed? Here again the information is not clear, but reports from Europe suggest that plans are being studied looking to the reorganization of the League on a different basis. Recently Joseph Avenol, secretary-general of the League, made a visit to Rome and it is believed that he and Mussolini consulted on a project to revamp the League. M. Avenol later denied this but the impression remains.

According to the suggestions which have been made the League would cease to be an organization for the preservation of peace by force and for the settling of difficult political problems. Those articles of the Covenant which are designed to punish a nation going to war would probably be stricken out. These, chiefly, are Article X, which pledges the members of the League to respect and preserve the territory and independence of their fellow members; and Article XVI which provides for joint action against a nation which goes to war in violation of the Covenant.

If this were done the League would be reduced to a simple association among nations, through which they could discuss and possibly settle their many mutual problems. But the problems would not consist of such matters as disarmament and the Polish Corridor. They would deal more with such things as narcotics, communications, health and so forth. It is in this field of lesser economic questions that the League so far has shown its chief value. It has ironed out hundreds of little wrinkles affecting the relations of nations and for this purpose, at least, has fully justified its existence.

In addition the League would be divorced completely from the Versailles Treaty.

The Geneva organization came into being as a part of that famous treaty between Germany and the allied powers. Germany unquestionably feels that the League is an instrument of the nations which support France, and that one of its main purposes is to prevent any revision of the treaty which she hates. But under the new form the League would most likely have nothing to do with this question, and Germany could rest at ease.

Mussolini's plans are still largely in the realm of speculation and they may undergo substantial modification before any announcements are made. They may even be dropped entirely if they do not find sufficient favor. Apparently, however, Great Britain is inclined to side with Italy and together they are urging France to give up her attachment to the League. Germany, of course, would be delighted to see the League's prestige wane as it would constitute a victory for the diplomacy of Hitler.

In the revised form, it is hoped by those who favor the Mussolini idea, that Germany and Japan would feel inclined

into effect easily and quickly? It hardly seems so. If any proposal is made France may be counted upon to offer stiff objection. The French have held ever since the war that their greatest hope for safety lies in Geneva. The League provides machinery for the settlement of disputes and by insisting upon the use of this machinery the French wish to prevent another war. They feel that if the League is reduced in importance there will be nothing to prevent the gradual drift of Europe toward war. The nations will make secret agreements and alliances as they did before the last war and a conflict will be inevitable in the end. Slow and unsatisfactory as it may be, the French seem to think that the League should be retained in its present form. And they would doubtless be supported by a number of small nations which fear being swallowed up in another war.

A Difficult Problem

The reply is made that the League has not succeeded in preventing a drift toward war. Relations among the nations,



HIS CONTRIBUTION

—Kirby in N. Y. WORLD-TELEGRAM

to rejoin the League. But they do not stop at this. It is hinted that Mussolini thinks it likely that the United States would be ready to reverse its traditional position and join in the new cooperative effort at Geneva. It is pointed out that this country refused to join the League mainly because of Articles X and XVI which were construed to hold entanglements for us in the affairs of Europe. With these removed it is said that we would no longer have any reason for keeping out of the League, especially with a Democratic president in office. And, the gossip runs, if the United States joins, why not Soviet Russia which has also stayed away from Geneva? With all the large nations belonging to the League, Mussolini's supporters maintain that it would become a vital and useful organization in its own sphere. Viewed in this country, however, the prospect of bringing the United States into the League of Nations under any conditions, seems visionary. We are more than ever disinclined to have any connection with the affairs of Europe.

But is all this grand plan, granted that reports concerning it are accurate, to go

today, are certainly not satisfactory. The League, it is said, can do nothing to improve them. The only hope lies in direct straight-from-the-shoulder talk between statesmen. Hitler has already started this trend. He has approached Poland looking to a solution of some of the problems harassing German-Polish relations. And it is possible that discussion will be begun with Czechoslovakia. Thus, two of France's allies are being drawn closer to Germany. Hitler, moreover, stated his readiness to begin discussions with France, for a solution of such problems as armaments, the Saar and French security. Italy and Britain are urging France to accept but the French are still skeptical with regard to Hitler's sincerity. The feeling prevails that the Nazi chieftain is playing a skillful diplomatic game, sparing for time during which he can increase German armaments and obtain allies. It is a difficult situation for the French. On the one hand, Mussolini is in a position to wreck the League of Nations if he wishes. On the other, the French may be forced to make concessions if they become involved in direct negotiations with Hitler.

Conference Begins Work at Montevideo

Pan-American Meeting to Cover Difficult Political and Social Problems

The seventh Pan-American Conference began its work in Montevideo, the capital of Uruguay, on December 3. The conference is a renewal of the international meetings in which representatives of the United States and the republics of Central and South America have participated at intervals since 1899. In that year the first conference met, and the Pan-American Union was formed "to preserve the peace and prosperity of the American states."

The conference is an experiment in international cooperation similar to the League of Nations. This year's meeting promises to test the experiment. Its results will do much to determine whether the conference system can remain effective in settling the affairs of the American continent.

Monroe Doctrine

Among the controversial subjects to be reviewed, that of the Monroe Doctrine is the most persistent and recurrent. For years a number of the southern republics have opposed the recognition of the Monroe Doctrine as a regional or continental agreement. They regard it as a means of intervention by the United States in their internal affairs.

The Roosevelt administration may decide at the conference to give its interpretation of the Doctrine. The present policy seems to be that it will not intervene in a military way, as previous administrations have sometimes done. But there is no guaranty against such interference, and political and financial intervention remain. It is probable that the problem of the United States financial interest in Haiti will be brought into the discussions at Montevideo. This matter is treated more fully on page 3.

Another political dispute faced by the delegates is that between Paraguay and Bolivia over the territory of Chaco. The Pan-American Union has failed in its attempts to end this wrangle. Secretary Hull tried upon his arrival at Montevideo to secure an informal agreement to decide what should be done about Chaco, but Paraguay would not consent to the move. Castro Rojas, chief of the Bolivian delegation, praised Mr. Hull's efforts, but said he did not believe the time was ripe for a settlement.

Economic Problems

In the field of economic problems, the conference is scheduled to talk about currency stabilization and tariff adjustments. President Roosevelt issued a statement early in November to the effect that we could not join in that discussion, due to the uncertainty of our domestic situation. But Chile and several other republics want some decision on tariffs, preferably a tariff union which would enable all the American states to enjoy equal benefits. This question will undoubtedly arise, regardless of the attitude of the United States.

While solution of the most pressing political and economic difficulties seems unlikely, there is a brighter side. Listed on the program of the conference are problems of international law, political and civil rights of women, transportation and social progress. On these matters most of the delegations are agreed.

One of the principal advantages of the conferences so far has been the advancement in codifying and unifying national and international legislation. That will continue. Also, in the present meeting the experts on social problems expect to go ahead with various social reforms. One of the most important is that of establishing the rights of Central and South American women, who have long been denied equality with men. It is along these lines that the greatest hope for the success of the Pan-American Conference lies.



PROFESSOR O. M. W. SPRAGUE, who recently resigned his position as special assistant to the secretary of the treasury, will resume teaching at the Harvard business school. He has been away from Harvard for nearly four years, most of which time he has spent as economic adviser to the Bank of England. His recent resignation from the Treasury came as a result of his disagreement over the government's monetary policy, which he thinks, may lead to uncontrolled inflation.



© U. & U.
O. M. W.
SPRAGUE

Immediately upon resigning, Professor Sprague started a series of ten syndicated articles, expressing his views as to how the country should tackle the depression. In his first article he brought up a point which has been a source of worry to economists for some time. Briefly, here it is: Labor must be shifted from those industries which do not have much chance of expanding, to other industries in which the possibilities of expansion are great. For example, a number of agricultural products are not likely to be consumed in much greater quantities than they are now, even if prosperity does return. Professor Sprague believes that every effort should be made to shift the oversupply of labor from the industries which do not hold the prospect of future expansion, to industries which will have an increasing market for their goods.

Roosevelt's Gold Policy

President Roosevelt continued last week to cling to his policy of raising the price of gold in an effort to boost commodity prices. After each criticism of his monetary plan, the president has indicated his determination to go ahead with it. The real test as to whether the government's credit is being impaired by its gold policy will come on December 15. At that time the Treasury must sell new securities amounting to \$727,000,000 in order to pay off those which fall due on that date. The question is, Will people buy these securities when other government securities are tending to fall in value? Or will they prefer to invest their money in commodities which are rising in value or in stock of private corporations which are likely to benefit by inflation? It will depend largely upon whether there is a widespread feeling that the government will embark upon a policy of money inflation. If such a feeling does prevail, the new government securities face a severe test, as inflation has always played havoc with governments' credit. December 15 is regarded, therefore, as a critical day for the United States Treasury.

Coal for the Needy

The needy unemployed of the country will be given \$50,000,000 worth of coal, according to Harry L. Hopkins, head of the Federal Emergency Relief Administration. In making this announcement, Mr. Hopkins praised the coal operators of the country who have agreed to make considerable price reductions as their contribution to the needy. The coal will be bought from local dealers and will be passed out through the local relief agencies.

U. S. and Haiti

A few days before the Pan-American Conference opened at Montevideo, Uruguay, President Stenio Vincent sent a plea to our government asking it to withdraw its financial supervision over Haiti. President Roosevelt replied to this plea in the negative. He said that American bondholders must be protected against loss of the money they have invested in Haiti. He further said that treaties between Haiti and the United States prevent immediate withdrawal of the United States financial administration from Haiti. The president suggested, however, that a new agreement might be arranged between the two countries.

American financial intervention of Haiti dates back to 1915. At that time the financial affairs of Haiti were in a chaotic state. The small republic's credit was exhausted both at home and abroad. Our government finally persuaded Haiti to allow the United States to supervise the

Following the News

financial affairs of its government for a period of ten years. Later this period was extended to twenty years. Then in 1919 the United States gave the Haitian government authority to float a bond issue of \$40,000,000 in this country. Now, President Roosevelt says that the United States must continue to oversee the financial situation in Haiti until American bondholders are fully repaid. The government of Haiti, however, contends that other countries have defaulted on their obligations to the United States without having their finances controlled, so the United States, it is argued, should not hold a whip hand over Haitian affairs. Hence this issue promises to loom large at the Pan-American Conference.

NRA Proceeds

While the president's monetary policy and other recovery measures have replaced its leading position in the public limelight, the NRA proceeds to make codes at a rapid pace. President Roosevelt has signed 143 industrial codes, and more are being submitted to him each week. Since the Blue Eagle reemployment agreement remains in effect only until January 1, General Johnson wants to complete code hearings before that date.

Dr. Moley Defends Roosevelt

Dr. Raymond Moley, former member of President Roosevelt's "Brain Trust," professor of Public Law at Columbia University and editor of the political magazine called *Today*, expressed his belief last week that nine out of ten bankers were in agreement that a return to the gold standard at the present time would be "a terrible shock to this country." He said that those who oppose President Roosevelt's gold policy have not told the public that the price of cotton and other farm products has gone up as a result of the president's action, thereby helping farmers out of their economic stress. When President Roosevelt decided upon his gold policy, Mr. Moley continued, "he saw it didn't make sense to have the price of wheat fixed in Liverpool for this country. It was just as silly to have the price of gold fixed every morning by the Bank of England."



© H. & E.
RAYMOND O.
MOLEY

Recreational Needs

During hard times such as these, the people of the country need more opportunities to rest and play than they have had before. Those who are out of work need parks. Children who are obliged to live in crowded houses need playgrounds. Those whose hours of work have been shortened need grounds upon which they can play games and they need other forms of recreation. And yet, in spite of this greater need for recreation, opportunities for it have been cut down.

The reason for this is, of course, that it is harder to get money to finance recreation. A strong argument can be made, however, against cutting the expenses for recreation. In the largest city of the country, the cost of recreation is only one-half of one per cent of the total amount which the city spends. Moreover, such expenses are low in other cities, so the curtailing of recreational facilities does not save the taxpayer very much money.

Amend Securities Act?

Since the Federal Securities Act was passed early last summer, there have been widespread complaints that this act is too rigid—that its demands are impossible of fulfillment. Many business interests contend that the act has interfered with the raising of money to carry on large-scale enterprises, thereby holding back recovery. President Roosevelt, as a result of these complaints and of his own observations, has decided to seek a modification of the act, so that it will continue to carry out its original purpose and yet not hold back business investment.

The bill was enacted as a means of protecting investors against the buying of stock in unsound business ventures. It provides, among other things, that before any securities are offered for sale to the public a full description of them and of the corporations which issue them must be submitted to the Federal Trade Commission. This information must tell all about the companies, their officers, the property which the companies possess—in other words, information upon which buyers might form a fair conclusion as to the value of the stock or bonds. In addition, the act imposes heavy penalties on companies issuing securities which do not live up to the act's provisions. It is argued that members of new business enterprises are so bound down by the act's regulations and are so much in danger of being penalized for their methods, they simply will not take the chance of starting new enterprises.

NRA and Local Concerns

Cleaning and dyeing operators in St. Petersburg, Florida, recently raised their prices in accordance with the NRA code for their territory. One operator, however, refused to raise his prices. He was reported to the Federal Court in Tampa, which is just across the bay from St. Petersburg. The charge was made to the effect that he was taking unfair advantage of his competitors. But the charge was not sustained by Federal District Judge Alexander Akerman. He refused to take any action against the operator on the ground that the federal Constitution did not give the national government authority to invade the power of the states by regulating or controlling local business concerns. Thus the issue—Constitution versus NRA—arises again.

Difference of Opinion

Former President Hoover came into the news a short time back by criticizing Governor Rolph of California for the governor's stand on lynching. Mr. Hoover said that Governor Rolph's endorsement of lynching was contrary to the spirit of organized society. He went on to say that the governor's attitude threw a bad light on the state of California. The criticism was made from Mr. Hoover's home in Palo Alto, California.

In addition to Mr. Hoover's criticism, a great many California newspapers and citizens severely attacked Governor Rolph's endorsement of the San Jose lynching. On the other hand, however, the governor received hundreds of messages of congratulations for the position he took.

German Church Dispute

Just how much should German Protestant churches conform to the policies of the Hitler government? That is the question which has recently caused widespread disputes in Germany. Several leaders of the Protestant clergy have denounced the imposition of governmental restrictions upon their churches, while other factions strongly support the Hitler program for a national religion which will fit into the plans of the fascist party for a new Germany. After a great many Protestant officials had resigned in protest against the attempt to subordinate the church to the state, Chancellor Hitler ordered all government officials to keep their hands off this dispute. He stated emphatically that it was strictly an internal church matter and should be settled by the clergy alone.

As a matter of fact, however, Hitler's withdrawal from this controversy is considered to be his first major defeat in molding Germany into a unified Nazi pattern. He apparently feared the consequences of religious strife at the present time.

Improving Roadsides

Grants or loans from the federal Public Works Administration after January 1, for highways must be used in part for improving roadsides as well. This order takes effect as a result of a resolution adopted by the Special Board for Public Works, and is designed to protect the natural landscape, and eventually to screen the highways by the planting of

shrubs and trees. In a statement making public the resolution of the board, Public Works Administrator Ickes said:

"Roadside improvements have many practical advantages aside from beautification. The planting of trees along roads provides shade and coolness in summer and protection from wind and weather in winter. Also involved are the benefits of reforestation and the prevention of soil erosion. It has been estimated that an extra 20 feet of right-of-way along all federal highways would result in five acres of reforestation for every mile planted.

"Construction of footpaths and bridle-paths bordering highways would be in the interest of pedestrians and equestrians, who complain that in this motor age their rights have often been lost sight of. . . . Wider rights-of-way and highway screening also would have the effect of removing or at least restricting, signboards and other wayside eyesores which have destroyed much of the natural beauty of the countryside."

Hindenburg to Remain

It was widely predicted that President von Hindenburg would be asked to turn over the presidency of Germany to Hitler after the recent German plebiscite. This prediction was apparently without foundation, however, for Chancellor Hitler has urged von Hindenburg to continue indefinitely as the nominal head of the German government.

Liquor Imports

Because of a shortage of alcoholic beverages in this country, the government in Washington has decided to allow the importation of between 4,000,000 and 5,000,000 gallons of liquor from Europe. Quotas have been allotted to several countries. Italy has received the largest quota, Germany comes second, while France and England rate smaller allotments.

Evidence that the Roosevelt administration is going to attempt to stimulate the consumption of wines and beer instead of hard liquors, is shown by the fact that whiskey allotments to the European nations are less than five per cent of the total which is to be exported.

Litvinoff and Mussolini

Conversations between Soviet Foreign Commissar Maxim Litvinoff and Premier Benito Mussolini in Rome during the first week in December are expected in many quarters to lead toward closer cooperation of Russia and Italy in working for disarmament. Both men are known as advocates of world peace. While they disagree on some of the ways to achieve it, they have the same general aims. A few months ago the two nations signed a treaty of friendship and non-aggression which is expected to form a basis for further disarmament talks. Since the collapse of the disarmament conference the leading European powers have expressed the opinion that some progress may be made by such conversations between individual nations. Premier Mussolini regards the problem of disarmament as the most serious in Europe today, and declares that Italy will lead the present efforts to agree on the question.

Professor Warren

It is a well-known fact that Professor George F. Warren of Cornell University is having a greater influence on the government's present monetary policy than any other person. The whole idea of the government's going into the world market and buying gold as a means of raising commodity prices belongs to Mr. Warren.

In examining Mr. Warren's career we find that he is not a mere theorist, thinking only in abstract terms. On the contrary, he is very concrete and very realistic. This was shown by the way he conducted his classes in farm economics at Cornell. One of his favorite practices was to take his students out on farms to give them practical application of what they had learned from their reading courses.

At the present time, Mr. Warren is not at Cornell. He was granted a leave of absence to come to Washington. He lives at the Cosmos Club which is just one block from the White House.



© U. & U.
GEORGE F.
WARREN

The AMERICAN OBSERVER

A Weekly Review of Social Thought and Action



Published weekly throughout the year (except two issues in December) by the CIVIC EDUCATION SERVICE, 744 Jackson Place, Washington, D. C.

Subscription price, single copy, \$3 a calendar year. In clubs for class use, \$1 per school year or 50 cents per semester. Entered as second-class matter Sept. 15, 1931, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

EDITORIAL BOARD

CHARLES A. BEARD
GEORGE S. COUNTS

HAROLD G. MOULTON
DAVID S. MUZZEY
WALTER E. MYER, Editor

VOL. III WEDNESDAY, DECEMBER 13, 1933 NO. 15

The Roosevelt Policies

In one of the main articles of THE AMERICAN OBSERVER this week we describe briefly the position of the Roosevelt administration viewed against the background of American history. We describe this position as being neither communist nor fascist, but a form of democracy undertaking to operate in a capitalist society for the purpose of reforming that capitalist society. The following editorial by William Allen White, left wing Republican editor of the Emporia (Kansas) Gazette, furnishes further illustrations relative to the meaning of the Roosevelt policies. We reprint this editorial with the recommendation that it be read in connection with the article found elsewhere in this paper:

President Roosevelt seems to be determined, having put his hand to the plow, not to look back or to the right in the matter of the National Recovery Act. But he is veering strangely to the left.

In the first place last June he felt it wise to take into camp organized labor as an ally, and he has been compelled by his choice of allies to proclaim that America is, industrially, a closed shop. The right of collective bargaining by representatives of their own choosing is, to the working people, a great boon. They feel that for the first time since Theodore Roosevelt left the White House organized labor has an ally there.

So naturally the larger corporations manufacturing the basic commodities feel uneasy in the nest of the Blue Eagle. They are trying to addle the eggs. And, equally naturally, the president, through General Johnson, the administrator of the NRA, feels it incumbent upon him to crack down on the recalcitrant industries that are ignoring, or that are otherwise frustrating the aims of the code.

And after all the man can't let the NRA fail for want of a few well-chosen right punches and a left at the high-placed and high-powered rebels against the government policy.

So today we have the spectacle of the great aluminum company, a Mellon concern, and the A. T. and T. coming under the disapprobation of the president and the administrator of the NRA, while William Green, president of the American Federation of Labor, is quoted as saying that the Federation has no intention of fighting the NRA. Probably labor will be represented definitely in the code authority.

In that event we shall see teeth in the Blue Eagle.

And so we edge a little further to the left. This is not fascism. It is not communism. It is democracy attempting to survive under the tremendous pressure of an economic crisis. It is the last stand of those who believe in the ancient liberty of the English-speaking people, fighting with their backs to the wall to maintain the institutions of the fathers, the constitution of the founders, the rights and privileges of the American citizen, and at the same time hold together the battered economic structure of the country.

These are sad and terrible times for American democracy.

Inflation Panic

The hue and cry about inflation which has recently been raised in the nation's financial center receives a pointed



NOT THE PLACE TO GRIND IT

—Talbot in Washington News

analysis in an editorial entitled "Inflation Panic" in *The New Republic*. That journal doubts whether the New York "sound money" experts have any definite conception of what they are talking about. After describing the peculiar logic of some of the criticisms of the president's monetary policy, the editorial continues in part as follows:

The inflation panic is not only dangerous, it is silly. The president is not issuing paper money; he has not given the slightest sign of wanting to do so. What he is doing is something entirely different. The danger that paper money may have to be issued is being created by the very panic, the very outcry of Wall Street itself. Observing that the president's policy has a slightly depressing effect on government bonds, they picture an entire disappearance of the market for government securities—as if this were a probable consequence unless their own terror made it so. They then picture the government paying its way by running the printing presses. Of course this could happen, but there is certainly nothing now being done in Washington which makes it necessary. On the contrary, the president has given every evidence of wanting to keep the government's credit good.

If the objectors to the president's policy had any sense at all, they would shut their mouths as tight as clams concerning a possible danger of rising prices, and confine their attention to what at the moment is certainly the greater danger—that a progressively depreciating dollar exchange will not raise commodity prices so much as they ought to be increased, or keep them up if they do rise. Every sensible man will agree that prices ought to be higher in relation to debts, that farm prices ought to be closer to the prices of industrial products.

On Leisure Time

The prospect of more and more leisure time in the future has caused much study and speculation of the way in which it is to be used. The Portland *Oregonian* contributes its opinion editorially:

Something more than a hundred years ago, when it was proposed to compel the reduction of the hours of labor in the then new factories of New England, the mill owners raised their hands in horror. "What," demanded various of these employers, "will the men and women and children do the rest of the time if they work less than 14 hours a day? They will go to the devil."

On the other hand, the reformers visioned an era of great human betterment if the plan went through. Judging from their statements in the public prints, they expected the released workers to spend their time in libraries and poring over the Bible.

That argument is strangely repeated in our day. Many employers, and still more college professors and social reformers, assume an attitude of worry over the reaction of the "common man" to the new leisure. And to balance them, there are those optimists who see in this new leisure the certain means of raising the mass of people to heights of culture.

Blessed are those who possess such confidence. As a matter of fact, if experience teaches anything, there are those who will use their leisure well and those who will use it ill. It will be exactly the same with the employed classes as it has been in the past with employers—some are of a character to profit, some are of a character to suffer. But that does not justify anyone in sitting in judgment. The change is here, and experience in the past hundred years leads to the conclusion that on the whole it will be for the betterment of man.

"Al" Smith

The New York *World-Telegram* was at one time an active supporter of Alfred E. Smith. That recent events have created a change is indicated in the following editorial comment from that newspaper:

Alfred E. Smith's criticism of the New Deal is sour. First it was the monetary policy. Now it is the Public Works and Civil Works administrations. There is room for constructive criticism of these policies. But unfortunately the Happy Warrior is so full of feeling these days his shots miss the mark.

If he had discussed the dangers of uncontrolled currency inflation and given the president credit for escaping these dangers to date, he probably would have been listened to by the public and the president. Instead he misinterpreted the Roosevelt policy and engaged in calling names. And the public gave him a shrug of the shoulders.

Of all the criticisms of the new CWA which might have come from Mr. Smith, the most unexpected is that it will "further discourage private initiative." That is his reaction to a program which in one short week up to November 25 put 1,183,267 charity recipients to work—the figure at the end of the second week is an estimated 2,000,000.

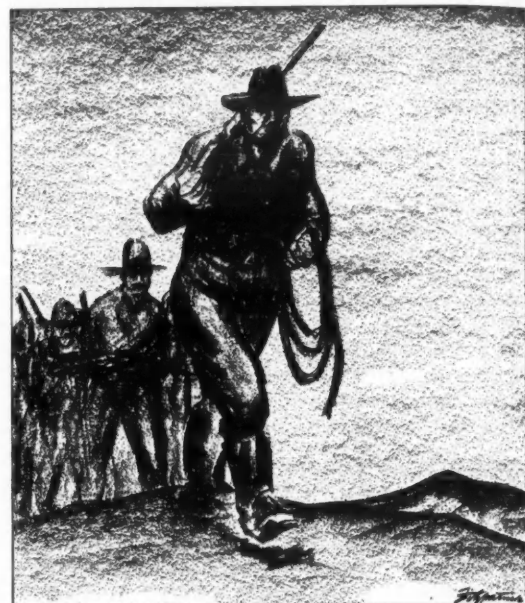
Before he started wise-cracking about lemons and grapefruit, in the old days he used another line very effectively—"Let's look at the record." If he will look at the record he will find that "private initiative" carried only twenty-six per cent of the national relief burden even in the early years of the depression.

War and National Defense

Military leaders have often expressed the opinion that the best preventive measure against war is the strong fortification of national defense. One aspect of this argument is criticized by the Detroit *News* in the words quoted below:

One of distracted Europe's would-be statesmen makes the suggestion that every European nation should surround itself with "impregnable" fortification, so that, with complete sense of security, representatives gathered in conference might arrive at terms of disarmament. Strange that the experience of the war has not taught how false would be the sense of security prompted by such means.

Since the art of war enlisted the aid of science, the race has been continuous between those who would make defenses impregnable and those who would make weapons to break them down. Nor do fortresses, however strong, tend in the least to lessen the need for defenders. The more forts, the more armed men needed, since no stronghold, however strengthened, can defend itself. The same fear that demands the building of fortifications craves heavier guns and swifter



SHALL THIS BE OUR ADMINISTRATION OF JUSTICE?

—Fitzpatrick in St. Louis POST-DISPATCH

airplanes, more elaborate war organization and keener military spirit.

And no surer omen of impending war could be imagined than the frowning upon each other of a double row of impregnable fortresses on either side of the boundary between nations supposed to be at peace.

Feet on the Ground

In the midst of a whirlwind of new events and new policies, usually accompanied by a tremendous and confusing volume of noise and ballyhoo, it is refreshing and encouraging to find an administrator who keeps his head and refuses to be stampeded. The Baltimore *Evening Sun* shares this feeling, and experiences it in sizing up Secretary Wallace:

Secretary of Agriculture Wallace made a speech the other night in which he deprecated the idea that the millennium is just around the corner. Far from promising that the country is going to leap out of the depression by help of the NRA, the AAA, or any other agency, he declared that the one hope is "a slow, steady pull, an effort that can be sustained until the goal is reached."

This is a great deal less thrilling than many of the speeches that have been made by other administration leaders, but it rings true. After a toboggan ride, you don't slide up the hill again. You plod up, slowly and laboriously, and if you begin to move fast, you may be very certain that you are going down, not up.

But it doesn't follow because Mr. Wallace's speech was sober that it was necessarily discouraging. What the country needs above all else right now is leaders who keep their feet on the ground. This the secretary of agriculture seems to be doing.

Thorstein Veblen

The St. Louis *Post-Dispatch* tells us in an editorial of one of the first men to see the dangers of an uncontrolled machine civilization and the import of such a movement as Technocracy:

From 1911 to 1918, a tall, gaunt man with a pointed beard and the strange name of Thorstein Veblen, lectured on economics to that small part of the youth of the land which elected his courses at the University of Missouri. He had already been on the faculty of three universities—Cornell, Chicago and Stanford—and he was to lecture at another, the New School for Social Research in New York. When he died, on the eve of the depression, he was still relatively obscure.

Today, there is a sharp growth of interest in his challenging writings, and more is now appearing in print about his career than during the whole of his life. . . . Planned economy and the "Brain Trust" idea, to take only two of the political phenomena of the present, were foreshadowed by him long ago. Those who join the widening circle of Veblen readers will meet an image-breaker who lived, saw and wrote ahead of his time.

France and England, it is reported, are drawing perceptibly nearer, but it is hoped they will not touch, thus driving out the channel swimmers.

—Santa Fe NEW MEXICAN

A New Orleans movie patron arose from his seat while viewing a motion picture recently and shot himself. We believe we have seen that picture. —Macon TELEGRAPH

Some one remarks that fat men are more honorable than thin ones, but there are so many things that a fat man isn't able to stoop to. —Dayton DAILY NEWS

Something 9,200 times as potent as cod-liver oil in vitamin A has been discovered, so that it shouldn't be necessary to do more than open the medicine cabinet and look at the bottle occasionally. —New York SUN

Criticism, like relatives, comes uninvited.

—Atlanta CONSTITUTION

Study of Democracy in Europe Published

**Professor Zurcher's Book Timely
Treatise on Democratic Ex-
periments Since War**

THE student of European history and government is often at a loss to find material that will give him a true picture of political conditions in post-war Europe. While the better books on the formal governments are invaluable in describing the political machinery of the different countries, they are often limited to a technical discussion of the organization and operation of the legislative, executive and judicial branches of the government. They fail to analyze and interpret the broader aspects of the subject.

This need has in part been met by Professor Arnold John Zurcher in his recently published "The Experiment with Democracy in Central Europe" (New York: Oxford University Press. \$2.50). Mr. Zurcher takes up, analyzes and compares the operation of the government in Germany and in the countries that arose from the ruins of the defunct Austro-Hungarian monarchy and the Russian empire. He describes the constitutions, the relation of the states to the central government in those countries organized along federal lines, the method of electing public officials, the role of the executive, the workings of the parliaments, the position of the individual with an enumeration of his rights and privileges. In the countries having important minorities, he discusses the guaranties, in theory and practice, of those groups of different nationality.

As indicated by the title, this book is rather technical in nature and will be of value and interest chiefly to those who wish to become specialists in, or at least those who would become thoroughly conversant with, Central European political developments. The author performs a valuable service by pointing out the weaknesses of the governments established since the war, thus enabling the reader to understand many of the recent and current problems arising in that section of Europe to which his book is devoted.

Music Appreciation

"The Art of Enjoying Music" by Sig-
mund Spaeth. New York: McGraw-
Hill. \$2.50.

IF a more comprehensive book of ordinary size has been written on music, we have not had the opportunity of reading it. Mr. Spaeth, who is well known for his lucid and entertaining comments on music through his writings, lectures, motion pictures, and radio programs, deals with every important phase of music in

his new book. He defines music as "the organization of sound toward beauty." He then analyzes the five fundamental factors that organize sound toward beauty—rhythm, melody, harmony, color and form.

Before one finishes reading the book he has gained considerable information about the various instruments and their origins, about the lives of the outstanding classical, romantic, modern and jazz composers, about the important works of these composers, about how to analyze music, about common musical terms. In other words, if one could absorb all the material in this book he would be prepared to comment intelligently upon and to listen knowingly to all forms of music.

However, the book, though written clearly, is not easy reading. It is so crammed full of information, part of which is of a technical nature, that one must concentrate to take it all in. But those readers who are anxious to become trained listeners of music in order that they may develop a keener appreciation of that enjoyable art, will find Mr. Spaeth's book valuable. It should find a place in every music library.

A Book of Essays

"Characters and Commentaries" by
Lytton Strachey. New York: Har-
court, Brace and Company. \$3.

THOSE numerous readers and admirers of Lytton Strachey will delight in this volume of essays collected and published by his brother two years after the death of the famous English writer. Most of these works have appeared previously in literary journals in Great Britain. Here they have been arranged in such a way as to enable the student of literature to follow the development of Lytton Strachey as one of the great stylists of modern times.

The thirty-eight essays in this collection cover a diversity of subjects—everything from Hugh Walpole to Russian humor. They are divided into four sections, each representing a distinct period in the author's life. The last of the series is an essay on Othello which was left unfinished by Mr. Strachey's death. While this book will naturally hold greater interest for the literary-minded, its vast range of topics makes its appeal almost universal.

Proletarian Novel

"The Disinherited" by Jack Conroy.
New York: Covici Friede. \$2.

FOR several years some of our leading literary critics, who combine social criticism with their literary judgment, have been looking for an American "proletarian novel." They want the American working class to express its viewpoint in literary terms. There have been several recent candidates for the acclaim which was

promised for successful writing about the lives of laborers. But none has a better claim than Jack Conroy, a working man himself, with this novel about miners, factory workers, farmers, steel mill hands—"working stiff" of all kinds.

Written in the first person, the story is that of Larry Donovan, son of a coal miner in a small Missouri mining settlement. Larry grows up in the midst of the bitter and never-ending feud between owner and worker. He absorbs the philosophy of the laborer in jobs in an Ohio rubber plant, a Detroit automobile factory, and a dozen other locations. Strikes, lockouts, unemployment, and unbearable working conditions are all grist to his mill. Conroy has no propaganda to peddle. He is content to show his readers a kind of existence not often described. There are a few rough edges perceptible in his writing, but they do not seriously affect the sincerity of his work.

Pamphlet Series

"The World Adrift," By Raymond
Leslie Buell. New York: Foreign Pol-
icy Association and World Peace
Foundation. .25.

THIS pamphlet of thirty-eight pages should prove particularly valuable to the person who would follow intelligently the events of the present day. Mr. Buell, who is one of the leading writers on international relations, has prepared here an excellent discussion of some of the major problems confronting the world today, such as peace and security, Hitlerism, political changes, the Roosevelt recovery program, and the major issue of economic nationalism versus world planning.

This is but the first of a series of pamphlets to be put out jointly by the World Peace Foundation and the Foreign Policy Association. About ten will appear during the course of a year. Each will be prepared by a specialist in the particular subject treated so as to give the reader reliable information on current problems.

New England

"Leave the Salt Earth" by Richard
Warren Hatch. New York: Covici-
Friede. \$2.25.

NEW ENGLAND has been selected as the somber background for a good story effectively told without resort to brilliant figures of speech and ingenious effect. Richard Warren Hatch's Bradford family is rooted in the salt earth of Two Mile, Massachusetts. Each feels the urge in more or less degree to strike out into the economic change that is taking place in the world beyond Two Mile—all except Grandfather Bradford who still dreams of his family's former prestige as owners, masters and builders of ships in the days before the decline in New England shipping and the exodus to the fertile lands of the West. Grandfather Bradford decides to stake his remaining small fortune in the building of one fast schooner to recapture the glory that once was in the name of Brad-
ford.



LYTTON STRACHEY

FROM CURRENT MAGAZINES

"Shall We Limit a Man's Salary?" by Raymond Clapper. *Review of Reviews*, December, 1933. Recent congressional investigations revealing tremendous salaries and bonuses to industrial and financial leaders have given rise to a movement to limit the amount a business executive may receive. It may be that the government will confine its activities in this respect to making public the salaries of business officials, as it has done in some of the investigations, or it may feel itself obliged to resort to more drastic action.

"The Banks and Recovery," by Harold Chapman Bailey. *The World Tomorrow*, December 7, 1933. It is almost necessary that the federal government should own and manage all the banks of the country if ever we are to have effective control of credit. The boom and depression have demonstrated that under the present banking system the government is unable to control credit conditions in such a way as to curb borrowing and speculation in boom times and to stimulate borrowing and industrial activity in times of depression.

"Groping for Recovery," by William A. Orton. *Current History*, December, 1933. While the Roosevelt recovery program has been marked by certain errors, these errors, insofar as they concern the domestic policy, are excusable because no government could hope to put into effect such a revolutionary program without certain serious mistakes. In the international field, however, the administration has been seriously at fault. Like President Wilson, who invited the nations of the world to look to America for political leadership and then "let them down," Mr. Roosevelt extended an invitation to the rest of the world to look to this country for economic leadership and failed miserably at the critical moment, which came during the London conference of last summer.

"Dollfuss, Chancellor of Austria" by William L. Smyser. *The Contemporary Review*, November, 1933. Two years ago the enigmatic head of the Austrian government was not sufficiently important to merit mention in the list of Austrian politicians. Today he occupies an important position not only in Austrian but in European politics. Unless union with Germany materializes, Dollfuss may be expected to become one of the leaders in future Danubian politics.



© Ewing Galloway

A PEASANT HOME IN CZECHOSLOVAKIA, ONE OF THE PRINCIPAL DEMOCRACIES
OF CENTRAL EUROPE

Panorama of South America Brings Many Contrasting Scenes in View

If you stand a flat map of the western hemisphere on end and drop a plumb line from Chicago, after crossing Panama it will fall into the Pacific. That is how far east of North America, South America lies. Little wonder then that the little isthmus—a one-time Inca trail—must run almost due east and west in order to join the one continent with the other.

Events of the last few years might lead one to think that South America is little more than a convenient location for boundary disputes and revolutions. But this is only a small and out-of-proportion section of the picture. Precious metals, rare vegetation, exquisite landscapes and water-scapes, intriguing ruins of fallen empires, gay customs and interesting people, fill out the rest of the panorama, and make South America a worth-while attraction for the visitor.

Take for example, little Uruguay, host to the Pan-American Conference. Montevideo is the City of Roses to the South Americans. Its miles of sandy beach are unrivalled. Montevideo does at least one unique thing for its citizens. Every night at eight o'clock the lights of the city are dimmed for a second, and thus the people are able to correct their timepieces thereby.

Venezuela introduces us to two common characteristics of South America—Indians and the Andes. Although there are many white families in this country, most of the nation is made up of Indians and governed by Indians. The adobe huts of the natives which cling to the rocky coast are painted all colors, red, blue and green. Walking down the streets of pretty Spanish-looking Caracas, located up in the mountains, one perceives through open windows and doors colorful patios around which each house is built. There are beautiful public gardens, too, and somber cathedrals which add a romantic touch to the picture.

The true empire of the ancient Incas—Peru—claims our attention. Here the Andes reach their highest peaks, an altitude of 19,000 feet. Remains of the Inca civilization are to be found everywhere. Silver mines worked in the days of the Incas are being worked today. Lima, the capital city, has broad avenues, palatial homes, and grand cathedrals mingling with the older Spanish scenes of narrow streets and low, shut-in houses built about tropical patios.

Across the Andes lies Bolivia, probably the richest in potential mineral wealth of the South American Republics. Because of the great height of the Andes here the

climate may vary from that of the arctic to that of the tropics within fifteen degrees of latitude. The highest steam-navigated body in the world is Lake Titicaca which lies on the border between Peru and Bolivia more than two miles above sea-level. Here, legend says, was the birthplace of the Inca race. On one island can be seen the ruins of an ancient temple to the sun, and on another the ruins of a temple to the moon. The visitor whose goal is Titicaca must run the risk of all the discomfort of mountain sickness common to persons who are not accustomed to such extreme altitudes.

La Paz, nearly two and one-half miles above sea level, is the highest national capital in the world. Such games as golf are too strenuous in such a rarified atmosphere. The most famous mountain of Bolivia is Potosi, the silver mountain. Centuries ago the Spaniards used to say that enough silver had been taken from it to build a bridge to Madrid. And silver is still being taken from Potosi.

The "Shoestring" Republic slides down the coast from Peru to the Cape, hemmed in by the Andes on the east and the Pacific on the west. This Chile, this invaluable nitrate field, is, as someone has put it, "a mixture of the high plateaux of the Alpes-Maritimes and the coast of Morocco or Portugal." Beautiful Santiago, as well as the other cities are "Spanish transformed according to the American school."

Argentina is the land of great free plains which gave rise to the gauchos, the Indian-type cowboy for which the country is famous. As there are pampas, so there are mountains, towering snowy peaks of the Andes. But most interesting of all, Argentina is the possessor of intriguing Buenos Aires, the Paris of South America.

The largest of the South American Republics, and larger even than continental United States is Brazil, the "coffee kingdom." A variety of climate, scenery, and vegetation results from its vast extent over more than three million square miles of territory. Rio has many modern aspects. There is a law on the Brazilian statute books that is interesting. It forbids capital punishment except under military law.

New Economic Broadcasts for High Schools Given

"Checking Up on the NRA" was the subject of an address by Dr. Isador Lubin, United States commissioner of labor statistics, over the network of the Columbia Broadcasting Company Friday, December 8.

This was one of a series of broadcasts on social-economic problems for high school students sponsored by the American School of the Air and the Progressive Education Association.

During the course of the address, Commissioner Lubin answered such questions as—How much has employment increased during the last two months? Has employment increased in all states? Under the NRA codes, have the real earnings of workers increased or decreased? How much have living costs increased since April, 1933? What factors must be taken into consideration in measuring the effectiveness of the NRA?

The next three broadcasts in this series are as follows: January 19, "Prices and the Consumer," by Dexter Kee-

zer, executive director of the Consumer's Advisory Board of the National Recovery Administration; January 26, "Labor's Part in Recovery," by William Green, president of the American Federation of Labor; February 2, "Inflation and the Gold Standard," by Dr. Harold Moulton, president of the Brookings Institution.

PHILOSOPHY OF ROOSEVELT ADMINISTRATION

(Concluded from page 7, column 4)
people. The fascists say that this cannot be done. The communists say that it cannot be done. The conservatives in America, the representatives of the Right, say it cannot be done. The president and his liberal followers say that it can.

How far the Roosevelt administration will go to the Left in its policy no one can say. Neither can anyone say how successful the Roosevelt policies will be, or how long the trend to the Left will be continued. It is clear, however, that we are at present in the midst of the most drastic movement to the Left which American history has seen.

(See editorial, page 4, column 1)

LIQUOR PROBLEMS

The day on which prohibition was repealed, nineteen states allowed the sale of alcoholic beverages. They were: Arizona, California, Colorado, Connecticut, Delaware, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Montana, Nevada, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Washington and Wisconsin. All the other states had legislation prohibiting liquor sales.

Conservative estimates predict that liquor taxes during the next year will amount to at least \$500,000,000. The taxes on domestic liquor and the tariffs on foreign importations are expected to yield over \$40,000,000 this month.

However, many problems have arisen as a result of repeal which are causing government authorities much concern. Prohibition agents are being shifted to state borders to aid in protecting dry states against the importation of liquor into their borders. Furthermore, the Coast Guard is anticipating difficulty in keeping contraband foreign liquors from entering the country. Several hundred boats are reported to be cruising along one section of the Atlantic coast, waiting their chance to smuggle liquor into this country.



© Harris & Ewing

HARRY L. HOPKINS

Hopkins Recognized as Able Relief Head

Administrator Does Huge Task Efficiently and Retains Human Sympathy

When President Roosevelt came into office last March he was confronted, along with hundreds of other problems, with the task of finding a man to head the newly created Federal Emergency Relief Administration. It was not an easy order to fill. The new administrator must be a man with courage to tackle a gigantic undertaking. He should possess a genius for executive efficiency, to get things done quickly but competently.

But above all, the administrator's efficiency must be tempered at all times with sympathy, understanding and patience. For he was not to deal with an abstract commercial or scientific problem. His job was to feed and clothe and shelter human beings, people who were cold and hungry through no fault of their own but because an economic machine had faltered. The industrial structure of the nation, by its very nature, could not function for the individuals who had helped to build it; but the relief administration, in repairing the damage, had to operate for them alone.

Fortunately the president did not have to look far for his man. For Harry L. Hopkins had been working for Mr. Roosevelt as relief administrator of the state of New York. Those who have come into contact with Mr. Hopkins during the recent exciting months in Washington agree unanimously that no other person could fulfill the required qualifications as he does. The qualities needed for the job describe the man himself.

Tall, smiling, youthful and direct, the FERA head has plunged into his work with a clear, cool head. He does not forget details, but he never lets them obstruct his fundamental purpose—to help jobless Americans, and to maintain their morale while relieving their distress.

In his press conferences Mr. Hopkins displays a ready wit and never-failing good humor. He abhors red tape. There is no bluster and no concealment in his makeup. He speaks frankly and concisely, always stressing the fact that he deals with humanity and that there is no room for politics in his office. He is especially proud of his new Civil Works Administration, which will give decent jobs to 4,000,000 people. In discussing the work of relief, he eliminates ballyhoo; he insists upon accurate facts and figures, believing it is always best to face the truth.

Mr. Hopkins, at forty-three, has a long record of successful social work behind him.



© Ewing Galloway

BRAZIL—BOTAFOGA BAY WITH CORCOVADO IN THE DISTANCE

New Deal Economic Philosophy Studied

(Concluded from page 1, column 1)

represent the more powerful or the wealthier classes. They, too, may be interested in the welfare of the common run of people. But they think that the general welfare can best be served by protecting property rights and by looking out for the interests of large property owners. If this is done, they think that business conditions will be good, that the poor can find employment, and that the good of all will be protected. These champions of the more powerful believe that the attempt to curb the strong or the wealthy will result not in the common good but in confusion and in intensification of poverty.

This latter group, representatives of the stronger classes, are frequently called "conservatives," whereas those who call for better conditions for the masses are frequently called "liberals" or "radicals." Other names are sometimes applied. We often hear the conservatives called the "Right" and the liberals or radicals the "Left." The use of these terms, Right and Left, dates from the French Revolution. In the early days of the Revolution, the National Assembly was divided into two opposing groups. The representatives of the common people were demanding sweeping reforms in the government. They wanted to take away some of the powers of the king and establish a constitutional monarchy. The representatives of the nobility and the higher clergy, on the other hand, opposed any of these changes. They were the conservatives, whereas the commoners were the radicals. When the members of the Assembly filed into the hall where their sessions were to be held, they took their places quite by accident, since no definite arrangements for the meetings had been made. It happened that the representatives of the common people, the *bourgeoisie*, took their places on the left side of the hall, while the members of the nobility and the higher clergy found their way over to the right side. The advocates of sweeping changes, the radicals, came to be called the Left, while those who wanted to preserve conditions as they were, were called the Right.

Evolution of "Left" and "Right"

These titles were maintained throughout the Revolution. After a while, as the Revolution progressed, the nobility and the clergy were out of the picture. Those who wanted a constitutional monarchy sat around on the Right then, and on the Left there was a group which demanded a republic. Later on the picture had changed again, and the advocates of the republic were on the Right, while the terrorists were on the Left. And so it went, always

the more conservative elements being on the Right, and the more radical elements—those insisting upon greater change—being on the Left. Since that time it has come about that in every parliament of Continental Europe the more conservative parties sit on the Right of the Chamber, and the more radical parties sit on the Left. We have come to speak even in this country of conservatives as belonging to the Right, and radicals or liberals, to the Left.

In general it may be said that parties representing the Left advocate more political power for the masses, that is, a more democratic society, or else a condition of greater economic equality, or perhaps both. The Right, on the other hand, usually opposes efforts to put more power into the hands of the people and it also opposes efforts to take away privileges of the wealthy and to bring about greater economic equality.

The Left in America

In American history, we find the forces of the Left in power during and immediately after the American Revolution. Those who fought the war to a successful conclusion wanted to make it a social and economic revolution as well as a political revolution. They were thinking about the welfare of the poor and debtor classes. Then came a swing to the Right which established a strong central government, which gave assurance of order, which brought about the payment in full to those who had made loans to the states or to the Continental Congress. The Federalists belonged to the Right. There followed the so-called "Revolution of 1800" which threw the government into the hands of the Left under Thomas Jefferson, representative of the common people, exponent of democracy. After this, there was a gradual drift toward conservatism. The wealthier classes came to exercise more power. The government had moved far to the Right by the time John Quincy Adams was president. Andrew Jackson was carried into power by the forces of the Left. A few years later, the large slave-owning, property-defending element of the South came into possession of the government. The Right was again in power. As a result of the Civil War, the slave-owning aristocrats were displaced by the manufacturing element of the North, representing the Right.

There were assaults from the Left—the Greenbackers, representing debtors and wanting cheap money so that debts might be easily paid. Representatives of the farmers and workers appeared. There was a tremendous assault from the Left in the 1890's under William Jennings Bryan. But the Left was defeated in 1896 and the forces of the Right were victorious. There developed early in the twentieth century a strong Left movement led by Democrats like Bryan and Republicans such as Theo-

dore Roosevelt and Robert M. LaFollette. When Theodore Roosevelt became president, he advocated many curbs against big business. He talked about the rights of the people. He turned the nation in the progressive direction. There was a check to the progress of the Left under the Taft administration. But it gathered strength again during his term. Woodrow Wilson and Theodore Roosevelt were both representatives of the Left in 1912. There were demands for an extension of democracy, for the direct election of senators, for the primary system of nominations, for the initiative and recall. There was talk about the rights of labor and of farmers. "Let the people rule" was the cry. Woodrow Wilson came into power

in 1913 and, as a representative of the Left, secured the enactment of anti-trust laws and of a lower tariff.

The movement toward the Left ended with the war. Harding, Coolidge, Hoover were representatives of the Right. They believed that prosperity might best be assured by encouraging large business organizations with the thought that employment might be furnished to all and that poverty might be banished.

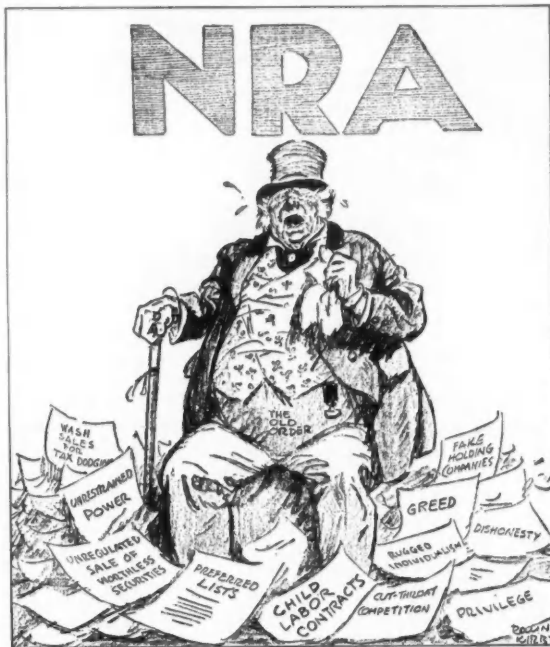
Finally came the crash of 1929 and with the ensuing confusion and hardship there came a demand for change. It cannot be said that there was a well-defined call throughout the country for a movement to the Left. It happened, however, that the forces of discontent threw into the presidency Franklin D. Roosevelt and made possible the policies of the present administration.

Roosevelt's Position

President Roosevelt may fairly be called a representative of the Left. He believes in using the power of the government to improve the situation of the ordinary man and woman. He has adopted policies which deprive property owners of rights over their property which they have been accustomed to exercise. As a result of the National Recovery Act, the business man finds that he cannot pay whatever wages he sees fit. He cannot fix the hours of labor as he likes. He cannot always charge whatever he sees fit for his goods. His business is considered, in a way, as

a public trust. He can operate in such a way as to conduce to the public good but if there is a conflict between his own private interest and the public good, or the government's interpretation of the public good, he may find his power to serve his own interests checked. If this policy is made permanent, it is a long step toward making the government responsible for the way business is carried on and toward making the government responsible for the welfare of the masses of people. This would constitute a smashing drive toward the Left.

The Agricultural Adjustment Act undertakes to improve the lot of the farming population, most of whom are relatively poor. The improvement is to take place as a result of what amounts to government supervision of the farming industry. It is also to come through the laying of charges upon the rest of the population. But the agricul-



"THE GOVERNMENT'S TRYING TO REGULATE ME!"

—Kirby in N. Y. WORLD-TELEGRAM

tural act takes money out of the hands of all the people and gives it to a certain class of the people. Of course, the government has always done this whenever it has enacted tariff legislation. The difference is that a tariff lays the charges upon all the people in the interest of a small class, a small well-to-do class, the manufacturers, in the hope that the benefits they receive will trickle down through increased employment to the masses. The farm act gives the benefits directly to masses of people.

The Roosevelt administration, through these two acts and through many other acts which we have not the space here to describe, is standing for strong government and for drastic action by the government. It is using this power of government to help the poor and to reduce poverty and to equalize wealth. It is not advocating complete equality of ownership of property. But it is spending huge sums to improve the lot of the masses and the more well-to-do people will be required to pay the bill. That is the meaning of the relief legislation, of the public building programs, of the Civil Works Administration, and of the other activities of the government.

It will be observed that the Roosevelt administration is not laying stress upon loans and other encouragement of big business with the hope that this will enable the large business organizations to give work to the masses. The government is itself giving work and money to the masses in the hope that the money they spend will create an added demand for goods which, in turn, will help business enterprises. It is tackling the job of recovery from an opposite angle from which it was attacked during the Hoover administration.

Where Are We Going?

Where will these policies of the Roosevelt administration lead us? The government has assumed tremendous power over industry. If the government should pass into the hands of parties representing the extreme Right, the exercise of this power of government might lead us to something like fascism (See AMERICAN OBSERVER, November 29, 1933). If, on the other hand, government, exercising tremendous power over industry, should fall into the hands of the extreme Left, it might lead us into communism.

But President Roosevelt is not intending to go to either of those camps. He intends to maintain democracy and capitalism. But he intends to reform capitalism, to keep private property and corporations, but to maintain government supervision over the way property is used. He intends, through the exercise of increasing governmental authority, to build a society based on capitalism and democracy but insuring, as no capitalistic society has ever done, the welfare of the common run of

(Concluded on page 6, column 3)



© Underwood & Underwood

THE NEW DEAL IN ACTION
President Roosevelt handing a check to the first cotton farmer to benefit from the Agricultural Adjustment Act.



The Recovery Program Week by Week



Studies of the Government in Action



FACED by the prospect of another long winter with several million heads of families and other individuals on federal unemployment relief rolls, President Roosevelt and Federal Relief Administrator Harry L. Hopkins early in November devised a plan to put 4,000,000 people back at work by December 15. This new departure in relief they called the Civil Works Administration, or CWA. Its purpose is to give a thirty-hour week on various civil works projects to 4,000,000 unemployed, most of whom now receive relief, at average salaries of fifty dollars a month.

Reducing Relief Rolls

Last April there were 4,500,000 families in the United States receiving unemployment relief. This number dropped during the summer, through renewed business activity and reemployment, to 3,000,000 families in October. During the fall and winter months the number always increases, but the CWA program is expected to take at least 1,500,000 families off the relief rolls, cutting the present number in half.

In addition the CWA will provide decent work at decent wages; it will help those now unemployed to regain their self-respect and courage; it will more than double the purchasing power of its workers as expressed in terms of money, since the average monthly relief payment per family is twenty dollars, as compared to the CWA wage of fifty dollars.

The CWA was allotted \$400,000,000 by the Public Works Administration; besides that sum, it has \$200,000,000 available from federal and state relief funds. Each local and state government must pay part of the CWA expense for its local projects.

Mr. Hopkins has been particularly anxious to eliminate red tape and delay in putting CWA employees at work. Therefore he has utilized local relief offices and government employment bureaus already set up all over the country. These are now local CWA offices. Each community makes its own plan for a civil works project; the program is submitted to the local CWA office for approval. As soon as it is endorsed by that office, employment begins. No approval by the CWA headquarters at Washington is necessary. In a conference with local and state officials from all parts of the country which he called on November 15, Mr. Hopkins explained the types of projects which would be satisfactory. This meeting enabled local government heads to submit acceptable

plans to their CWA offices and begin work immediately. Progress so far has been speedy and effective, as we shall see in the employment figures given below.

Projects Described

The administrator outlined some of the projects as follows: park and playground construction; sanitation, including drainage, clearing of stream beds and cleaning

had worked less than thirty hours; from now on he will work the full week and will be bringing home sixty dollars a month.

Mike's family needs more food and clothing than could be supplied by the inadequate relief fund. The money will be spent quickly; the grocer, the butcher and the clothing store will notice an increase in sales. That is the theory of the CWA working out in an individual case.

Public Works Administration will set aside more money for the program. Naturally the recovery administrators hope that some of the men now employed by the CWA will find jobs in private industry, if and when the recovery movement stimulates business further.

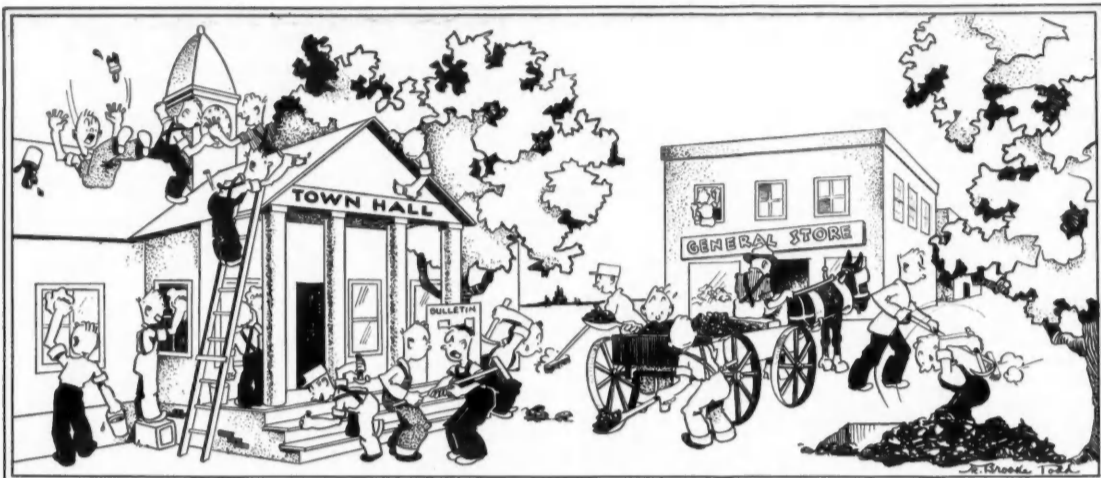
A specific number of CWA jobs has been apportioned to each state, according to its total population and the number of families on its relief lists. Oklahoma has already put its quota of 101,000 workers into action on approved projects. Most of the other states have filled more than fifty per cent of their quotas. The report issued by Mr. Hopkins at the end of the first week of operation, ending Saturday, November 30, showed a total of 1,183,267 persons employed in forty-four states and the District of Columbia. No reports had been received from Massachusetts, Minnesota, New Mexico and North Dakota, but the administrator estimated that employment in those four states would bring the total for that week well above 1,250,000.

The next week found thousands more going to work. Mr. Hopkins declared that more than 2,000,000 received CWA pay checks on December 2, and that the entire 4,000,000 would without doubt be working by December 15.

There has been very little criticism of the CWA. The efficient administration of Mr. Hopkins, the decisive action he has taken to prevent political favoritism in distributing jobs, the remarkable speed with which the nation-wide program has gone ahead—all these factors have underlined the impression that the president and his advisers sincerely wish to broaden and intensify the relief of unemployment. No other section of the recovery plan has moved as swiftly and as smoothly as the CWA.

Temporary Measure

At the same time it should be remembered that the civil works organization is temporary. It is a stop-gap, to fill the breach of unemployment until more basic efforts get under way. While the projects for CWA work are on the whole more valuable than the work relief previously used, they cannot continue over a very long period. They must all be paid for from public funds. If they "prime the pump" until the larger public works proposals and the general recovery movement gather full momentum, they will have fulfilled their purpose at little enough expense.



"CIVIL WORKS JOBS," SAID HARRY L. HOPKINS, DIRECTOR OF THE CIVIL WORKS ADMINISTRATION AND HEAD OF THE GOVERNMENT'S RELIEF PROGRAM, IN A RECENT ADDRESS, "ARE NOT MEANS FOR KILLING THE TIME OF OTHERWISE UNEMPLOYED MEN AND WOMEN. THEY ARE REAL JOBS AT REAL PAY, AND A FULL DAY'S HARD WORK IS REQUIRED FROM THE WORKERS."

up of rural areas; preparation of public land for roads, and the construction of roads; the building of utilities and public structures not included in the Public Works Administration; various "white collar" jobs, such as statistical surveys, work on educational records, and plans for new work in local governmental offices. The civil works enterprises differ from the "made work" for which many unemployed people have been receiving relief, in that they must be useful and necessary, and must have some lasting value to the community.

We may use as an example of CWA operation an actual project which is now going forward in New Jersey. Small earth dams to furnish irrigation water are being built in several streams in that state. Suppose that Mike Fiorella, the head of a family of five, has been receiving twenty-two dollars a month unemployment relief in exchange for "made work"—trimming trees and underbrush in local parks. He is transferred to the CWA irrigation project.

He works thirty hours a week at fifty cents an hour; the project was approved last Monday and he began work Wednesday. Saturday he received a full week's pay check for fifteen dollars, though he

Multiply it by four million, and you will understand how much the CWA will mean by December 15, when it fills its employment lists.

Material Costs

Besides the money to be spent by the CWA for employment, Administrator Hopkins emphasizes the fact that large expenditures are being made for working materials. Under the ordinary work relief system, it is impossible to allot much money to the purchase of supplies and building equipment; almost every cent of the relief dollar must supply food, clothing and shelter for the needy. But on the CWA projects, material costs will amount to approximately thirty per cent of the total outlay, according to Mr. Hopkins. Spending this money will help the business of lumber and cement dealers, manufacturers and sellers of tools, and others.

The funds now at the command of the CWA will last until February 15, and possibly a week or two longer. That is as far as present plans go, but it seems likely that the president will ask Congress to continue the civil works beyond that date by further appropriations, or that the

Something to Think About

1. Discuss the origin of the terms "Left" and "Right." In which group would you place President Roosevelt? Explain why.
2. Show how the changes wrought by the Roosevelt administration might be used to inaugurate fascism; how they might be used to inaugurate communism. Does President Roosevelt favor either of these systems? If not, what does he stand for as a permanent American program?
3. Do you classify yourself as belonging to the Right or the Left? Explain why. (Do this for your own satisfaction, even though the explanation is not made public.)
4. What changes in the League of Nations are being considered? What arguments do you see for and against such changes?
5. If these changes are adopted, is it more likely the United States will enter the League?
6. What is the object of the Civil Works Administration program? How many men have probably found employment since last spring? How many are probably still unemployed?
7. Has the CWA resulted in the employment of any one in your community? If so, what is the nature of the work which is being done? Has there been employment in your community as a result of the Public Works Administration, or the NRA, or the Civilian Conservation Corps, or general business improvement?

8. Is the relief problem in your community as difficult as it was last winter? Consult Community Chest or other relief authorities for information on this subject.
9. Describe the geographical contrasts one finds in South America. What might be named as two common characteristics of the South American countries?
10. What item of news on page three do you consider most important? Why?

REFERENCES:

THE ROOSEVELT PROGRAM: (a) Thunder on the Right. *New Republic*, November 29, 1933, pp. 59-60. (b) Mr. Roosevelt on Stilts. *New Republic*, November 29, 1933, pp. 69-71. (c) Economics, Old, Blue Eagle and New. *North American Review*, November, 1933, pp. 385-387 and 399-408. (d) Government in a Changing World. *Review of Reviews*, August, 1933, pp. 33-34.

LEAGUE OF NATIONS: (a) Arms and the League. *Nation*, December 6, 1933, p. 641. (b) Has the League a Future? *World Tomorrow*, October 26, 1933, pp. 579-580. (c) America's Way With the League. *Current History*, November, 1933, pp. 173-179.

PRONUNCIATIONS: Castro Rojas (kass'tro ro'gas—o as in go, a as in art), Titicaca (tee'te-kah'kah or tit'e—), La Paz (la pahs' or la pahth), Potosi (po'to-see'), Caracas (ka-rah'kas—a as in art).